



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2019 Biennium

Bill #	HB0610	Title:	Revise deduction of federal income tax paid for estates and trusts
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Primary Sponsor:	Abbott, Kim	Status:	As Introduced
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| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$1,731,000	\$1,731,000	\$1,731,000	\$1,731,000
Net Impact-General Fund Balance:	<u>\$1,731,000</u>	<u>\$1,731,000</u>	<u>\$1,731,000</u>	<u>\$1,731,000</u>

Description of fiscal impact: HB 610 makes estates and trusts subject to the same limit on the deduction for federal taxes as individuals. This would increase general fund revenue by \$1.7 million per year, on average.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. The income of estates and trusts is subject to the individual income tax, generally the same as the income of an individual. However, under current law, the deduction for federal income taxes paid during a year is limited to \$5,000 for an individual but is unlimited for estates and trusts. This bill would give estates and trusts the same deduction as individuals
2. Fiduciary returns from 2012, 2013 and 2014 with deductions for federal income tax of more than \$5,000 were identified. Tax liability for these returns was recalculated with federal income tax deductions limited to \$5,000. This increased total tax liability for fiduciaries by \$1.104 million for 2012, \$1.405 million for 2013, and \$2.685 million for 2014. The annual revenue impact of this bill is estimated as the average of the impacts for 2012 through 2014, or \$1.731 million.
3. This change would be effective for tax year 2017. The change in revenue would start when fiduciary returns for 2017 are filed in FY 2018.
4. Changes to forms, instructions, and the department's data processing systems would be made as part of the normal annual update process with no additional costs.

<u>Fiscal Impact:</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>
Department of Revenue				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	<u>\$1,731,000</u>	<u>\$1,731,000</u>	<u>\$1,731,000</u>	<u>\$1,731,000</u>
TOTAL Revenues	<u>\$1,731,000</u>	<u>\$1,731,000</u>	<u>\$1,731,000</u>	<u>\$1,731,000</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$1,731,000	\$1,731,000	\$1,731,000	\$1,731,000

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date